

# DoD Report

MANAGEMENT AND BUSINESS NEWS FROM THROUGHOUT THE DEFENSE COMMUNITY

## Unions demand details on personnel reform

By MOLLIE ZIEGLER

Leaders of more than 30 federal employee unions denounced meetings with Defense officials over the design of a new personnel system for Defense's 650,000 civilian employees. Union officials, who said they are asking Congress to step in and redirect discussions, criticized Defense officials for not negotiating specific aspects of the plan.

"Far from being obstructionist, we want to sit down with details," said John Gage, national president of the American Federation of Government Employees, the largest federal workers' union. "We can make headway if both sides commit to serious talks and set aside the rhetoric."

The-union leaders discussed their concerns at a Sept. 1 news conference.

Defense officials counter that they have been seeking employee input for four months through focus groups, town hall meetings,

briefings for special interest groups and consultation sessions with union officials.

"We are doing these things because we are committed to reaching out and listening to what our employees and their representatives have to say, and getting their input before any decisions are made by senior leadership of DoD and OPM, and before we draft the proposed regulations," said Brad Bunn, deputy program executive officer for the National Security Personnel System.

Discussions between unions and the Homeland Security Department stalled two weeks ago when unions said the department was failing to make good on its promise to settle disputed points in its new personnel system, including the performance-based pay system and limited bargaining rights. The unions and Homeland Security battled over details before the proposed regulations were published in February. In the same vein, Defense will not

lay out specific proposals until the regulations are published at the end of the year.

"DoD continues to meet with us for the sake of meeting," said Ron Ault, president of the Metal Trades Unit of the AFL-CIO. "The real issues are not being addressed."

Similar discussions and town hall meetings took place during the development of Homeland Security personnel regulations, but the unions complained that the administration wrote the same regulations they always intended.

Some see that pattern repeating itself at Defense. Future meetings

would be a waste of time, said David Holway, president of the National Association of Government Employees.

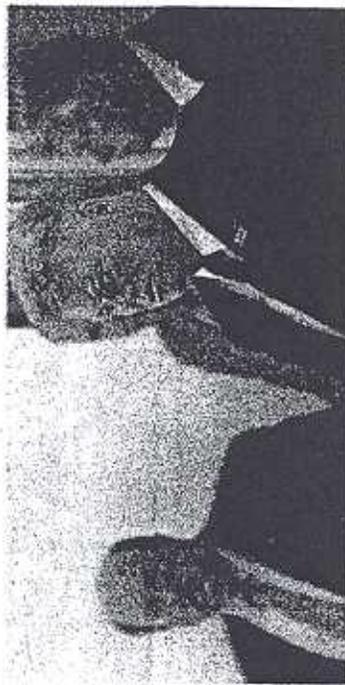
"We'll meet, we'll talk, they'll ignore us," Holway said of Defense officials.

One Office of Personnel Management official said there was a degree of posturing to the claim. "The unions" won a lot of arguments," said George Nesterzjuk, senior adviser to OPM Director Kay Coles James on the Defense Department. "Because those issues aren't in the regulations, no one gets credit for having made the concession. That's not quite

right."

Defense's outreach effort has been valuable to the NSPS design team, said Bunn. He said the unions have not been satisfied because the sessions haven't met their expectations of a more traditional bargaining approach.

"The union session we held last week met our goals and expectations. We had meaningful dialogue, talked about substance, shared concerns, and exchanged ideas that will guide us as we continue to explore options," he said.



KEVIN WOLF

Ron Ault, president, Metal Trades Department, AFL-CIO, speaks at a news conference with other federal union officials including, from left, Tom Buffenbarger, David Holway and John Gage.

### Pay for performance

NSPS is designed to strip the rights of employees and stifle dissent, said Ben Toyama, federal vice president of the International Federation of Professional and Technical Engineers. Paying employees based on output will place productivity over concerns of safety and quality of work, he said.

Gage agreed that performance-based pay was threatening to union employees. He said pay for performance sounds good but is a way to reduce pay for federal employees.

"There's no question about it. They want to reduce overall pay, and pay for performance is the scheme to do it," said Gage.

# Personnel

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ing unions, employees and managers; through town hall meetings and focus groups to gather input as it designs the new system. The Pentagon also is working with the Office of Personnel Management officials in the design process.

This effort is an attempt to win buy-in from department managers and employees, said Stephanie Olson, the training, communication and change-management director for the new personnel system, called the National Security Personnel System (NSPS).

Without an accepting, ready and prepared work force, the new personnel system stands little chance, she said.

"Ensuring the success of NSPS requires employee buy-in," Olson said. "That is, employees who are trained, ready, on board and looking forward."

That strategy is a marked change from the Pentagon's attempt earlier this year to design a new personnel system on its own. Then, unions, lawmakers and OPM charged the Pentagon had excluded input from affected parties and instead was seeking to impose new rules through a top-down mandate.

The department didn't initially appreciate the size or complexity of the task of changing a person-

nel system for about 650,000 people, perhaps the largest redesign ever of a personnel system," Navy Secretary Gordon England said in July. England is overseeing the effort to redesign the civilian personnel rules for the entire department.

But now department officials say they do appreciate the scope of the task ahead.

In April, Defense Secretary Donald Rumsfeld assigned England to oversee the design of the new system; England had earlier been praised for his handling of the Homeland Security Department's effort to reform its personnel system through a process of engagement and communication with employees.

Under England, a longer timeline for the Defense system was developed and a more inclusive design process put in place.

But early signs indicate the Pentagon still has a long way to go in winning employee buy-in.

Part of this is because the Pentagon's initial effort at crafting a new personnel plan alienated many managers and employees.

Many federal managers discussing the planned changes recently in public forums or in in-

terviews sounded skeptical they will work as advertised and expressed fears they may worsen morale and productivity. However, some managers and employees working under pay-for-performance demonstration projects — which are in place at DoD labs and acquisition offices — appear more positive about the planned changes. Two managers working at the Navy's China Lake facility in California, where a pay-for-performance system has been in effect for more than two decades, told *Federal Times* the system there works well and has widespread support from employees.

Unions are by far the most vocal in opposing the planned personnel system. On Sept. 1, more than 30 union leaders angrily accused the Pentagon of not allowing them a hand in the new personnel system's design. Unions are sure to be heavily impacted by the changes because they include a dramatic overhaul of labor-management rules and employee appeal procedures.

DoD's Olson told federal managers on Aug. 28 that of the five stages of readiness required to bring about successful organizational transformation, she estimates that DoD employees are at stage two, in which they are just becoming aware of the planned changes. She said that before the new system can be put in place successfully, employees must be brought up to at least stages three

— where they understand the changes but still remain skeptical — and four — where they view the changes as a positive step for themselves and their organization.

## Outreach

This summer, Pentagon leaders launched a sweeping effort to educate and engage civilian managers and employees as they plan the new personnel system.

England launched the first of the town hall meetings on July 7, and they will continue throughout the NSPS design. DoD officials held more than 100 focus group sessions in July with randomly selected employees in the continental United States, Seoul, South Korea; Fort Shafter, Hawaii; London; and Heidelberg, Germany.

In late July, Defense gathered 80 civilian and military line managers, human resources managers, OPM liaisons, equal employment opportunity officers, and lawyers to form working groups focused on classification and pay banding; performance management; work-force hiring and shaping; assignment and pay setting; employee engagement; appeals; and labor relations. Those working groups are receiving input from the focus group and town hall sessions.

On Aug. 26 and 27, the most recent of four meetings was held for 41 unions and DoD and OPM

leaders.

DoD officials launched a Web site, [www.cpmns.osd.mil/nsp](http://www.cpmns.osd.mil/nsp), to communicate reliable, up-to-date information as development progresses.

"Communication is critical." Olson said. "It's the anchor of what we do and leverages our efforts."

Changing a classification system that has been in place since 1949 makes employees uncomfortable, said John Palguta, vice president for policy and research at the Partnership for Public Service, a Washington-based organization that promotes public service. He said open communication will help build trust.

"Open communication doesn't mean you wait until everybody's happy because then you'll never change," he said.

The DoD overhaul represents the most significant change to the civil service since the 1978 Civil Service Reform Act. The law creating the NSPS grants hiring and firing rights federal managers and executives have never had.

The Defense effort has potential to affect the entire civil service since it will, along with the personnel rules governing Homeland Security, be the template from which other agencies will embark on reform. With the privilege to make profound changes comes responsibility, Olson said.

Steve Watkins contributed to this report.